

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 USIE-00 L-03 H-02 COME-00

ITC-01 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 PRS-01

SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 AGRE-00 SSO-00 NSCE-00 INRE-00 /082 W  
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FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 3964

INFO AMEMBASSY BUCHAREST IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD, RO

SUBJECT: ARTICLE 3 ACTION AGAINST ROMANIA

1. TRADE FIGURES REVEAL SHARP JUMP IN IMPORTS IN OCTOBER OF MEN'S AND BOYS' SUITS FROM ROMANIA. MONTH OF OCTOBER IMPORTS ALONE WERE EQUAL TO 50 PERCENT OF TOTAL IMPORTS OF THESE PRODUCTS FOR ENTIRE PREVIOUS 12 MONTHS. OCTOBER FIGURES FOR CATEGORY 120 ARE 41,525 UNITS AND FOR CATEGORY 237 ARE 54,596 UNITS. YEAR ENDING SEPTEMBER FIGURES ARE: CATEGORY 120: 81,868 UNITS AND CATEGORY 237: 100,288 UNITS. U.S. IMPORT FIGURES FOR 12 MONTHS ENDING WITH OCTOBER THEREFORE ARE: 123,393 UNITS FOR CATEGORY 120 AND 154,884 UNITS FOR CATEGORY 237. FIGURES FOR CALENDAR YEAR 1975 ARE: 744 UNITS FOR CATEGORY 120 AND NONE REPEAT NONE FOR CATEGORY 237.

2. DISRUPTIVE EFFECT OF THESE IMPORTS ON U.S. MARKET IS COMPOUNDED BY THE LOW PRICES AT WHICH THEY ARE BEING SOLD. DUTY PAID CIF PRICES OF RECENT ROMANIAN IMPORTS, IN CATEGORY 120 AVERAGED \$35.25 AS COMPARED WITH \$81.00 IN THE U.S. AND \$48.99 IN KOREA. ROMANIAN PRICES FOR CATEGORY 237 MEN'S SUITS WERE \$19.14 AS COMPARED WITH U.S. PRICES \$55.00

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AND KOREN PRICES OF \$49.99. WHILE FURTHER INVESTIGATION

WOULD BE NEEDED TO DETERMINE WHETHER SUCH PRICES WOULD PROVIDE A BASIS FOR ANTI-DUMPING ACTION, THEIR EXTREMELY DISRUPTIVE EFFECT ON U.S. MARKETS FOR THESE PRODUCTS IS CLEAR.

3. EXPLOSIVE GROWTH IN ROMANIAN EXPORTS OF MEN'S AND BOYS' SUITS PLACES U.S. IN INEQUITABLE POSITION REGARDING OTHER U.S. SUPPLIERS OF THESE PRODUCTS. IN MEN'S AND BOYS' WOOL SUITS, FOR EXAMPLE, SUCH MAJOR U.S. SUPPLIERS AS COLOMBIA AND KOREA ARE SUBJECT TO IMPORT RESTRAINTS OF 132,802 UNITS AND 320,448 UNITS RESPECTIVELY. DELAY IN RESTRAINING ROMANIAN EXPORTS APPEARS LIKELY TO GIVE RISE TO OBLIGATIONS BY THE U.S. UNDER EQUITY CLAUSES OF ITS BILATERAL AGREEMENTS AND THE MFA TO INCREASE LEVELS OF RESTRAINT ON OTHER SUPPLIERS. ROMANIA IS NOW LARGEST UNRESTRAINED SUPPLIER OF LOW COST MEN'S AND BOYS' SUITS.

4. U.S. ADVISED ROMANIAN GOVERNMENT IN AUGUST OF U.S. CONCERN OVER RISING TREND OF ROMANIAN EXPORTS OF MEN'S AND BOYS' SUITS. U.S. EMPHASIZED ITS DESIRE TO REACH BILATERAL UNDERSTANDING WITH ROMANIANS WHICH WOULD ASSURE U.S. AGAINST DISRUPTION OF THIS EXTREMELY SENSITIVE MARKET BY ROMANIAN EXPORTS. U.S. NOTED THAT CONTINUATION OF PRESENT TREND COULD COMPEL U.S. TO TAKE UNILATERAL ACTION UNDER THE MFA TO PROTECT ITS MARKETS.

5. SUBSEQUENT INCREASES IN ROMANIAN EXPORTS CAUSED U.S. TO REQUEST CONSULTATIONS WITH ROMANIANS FOR PURPOSE OF OBTAINING ASSURANCES FROM ROMANIANS AGAINST DISRUPTION OF U.S. MARKET. CONSULTATIONS WERE HELD IN NOVEMBER IN WASHINGTON. AT THESE CONSULTATIONS ROMANIANS ALLEGED THEIR EXPORTS WERE NOT DISRUPTING U.S. MARKET AND INDICATED PLANS TO INCREASE EXPORTS TO LEVEL WHICH WOULD EXCEED THAT PERMITTED OTHER LOW-COST U.S. SUPPLIERS. U.S. STATED ITS INABILITY TO AFFORD ROMANIA ACCESS TO U.S. MARKET SUPERIOR TO THAT OF OTHER TRADITIONAL SUPPLIERS, AND CONSULTATIONS RECESSED.

6. PROVISIONS OF MFA, IF INVOKED NOW, WOULD PERMIT U.S. TO LIMIT IMPACT OF IMPORTS FROM ROMANIA ON EQUITY OBLIGATED OFFICIAL USE

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TIONS AND PREVENT FURTHER DISRUPTION OF U.S. MARKET. ACCORDINGLY, AFTER CONSULTATION WITH U.S. REPRESENTATIVE TO TEXTILES SURVEILLANCE BODY, ALL MEMBERS U.S. DELEGATION TO GATT TEXTILE COMMITTEE MEETING (WHICH INCLUDES CITA MEMBERS FROM STATE, LABOR, AND COMMERCE). RECOMMEND IMMEDIATE ACTION FOR IMPOSITION OF IMPORT CONTROLS UNDER ARTICLE 3:6 OF THE MFA REGARDING ROMANIAN EXPORTS OF MEN'S AND BOYS' SUITS.

7. CITA CHAIRMAN REQUESTS ACTING DIRECTOR, OFFICE OF TEXTILES, DEPARTMENT OF COMMERCE, SEEK APPROVAL TREASURY AND REQUEST ACTING CHIEF, FIBER AND TEXTILES DIVISION, DEPARTMENT OF STATE, TO SEEK APPROVAL GEOGRAPHIC BUREAU FOR RECOMMENDED ACTION OF IMMEDIATE IMPOSITION OF IMPORT CONTROLS UNDER ARTICLE 3:6 AT FOLLOWING LEVELS: CATEGORY 120 AT 82,500 UNITS AND CATEGORY 237 AT 101,000 UNITS.

8. DEPARTMENT REQUESTED REPORT BY IMMEDIATE CABLE WASHINGTON AGENCIES' RESPONSE TO THIS MESSAGE. PLEASE PREPARE DRAFT LETTER (AND MARKET STATEMENT) TO INFORM ROMANIAN EMBASSY WASHINGTON. U.S. DEL WILL ADVISE WASHINGTON ON TIMING FOR DELIVERY OF LETTER AND MARKET STATEMENT. CATTO

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## Message Attributes

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